



Part 1: News Analysis

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At the conclusions of talks in Ashgabat April 10, the European Union secured its first clear commitment from Turkmenistan to obtain 10 billion cubic meters (bcm) of gas directly, without transit through Russia. It was not yet clear whether the gas would be delivered via a new pipeline or in liquefied form on ships, but the pledge renewed hopes that Turkmenistan would take part in the Nabucco pipeline project.

The Russian press initially reported that Turkmenistan would supply gas for Nabucco, but President Gurbanguly Berdimukhamedov was evidently more circumspect. EU External Relations Commissioner Benita Ferrero-Walder said that her talks with the Turkmen president revealed that he was "open to supply also to Europe" but that it would depend on market prices, Radio Free Europe/Radio Liberty reported. French Foreign Minister Bernard Kouchner also appeared optimistic after his meeting with President Berdimukhamedov, but had no more specifics on the route the gas would take.

The official Turkmen government website indicates only that in talks with the EU, a memorandum of energy cooperation was signed and that European partners were invited "to participate in large national projects."

Before any pipelines are built as an alternative to the Russian-controlled routes for Central Asian gas, the Caspian littoral states must agree on their long-disputed sea borders. The five states convened this week in Teheran to prepare for an as-yet-unscheduled Caspian Sea summit in Azerbaijan.

Concern remains whether Turkmenistan can produce enough gas to meet the demand of its new customers. At a cabinet meeting this week, President Berdimukhamedov indicated that there had been no increase in fuel production in the first quarter, despite plans to boost levels to 81.5 bcm. Turkmen officials said the country was maintaining the previous year's output and that no reduction would occur in 2008.

While the pledge of more gas from Turkmenistan may have been heartening to European policymakers, there were still many details on financing and export routes to nail down. Moreover, no real progress was seen on any of the benchmarks for human rights progress set by the European Parliament last year for the EU to proceed with a trade agreement with Turkmenistan. Rather than continuing any kind of strict linkage between trade and human rights, the EU opted to move ahead with commercial relations while promoting dialogue projects such as the establishment of European Houses and efforts to advise on legislative reform. While the ministers were meeting, another case came to light of a civic activist who was arrested in February, allegedly for his criticism of the authorities.

One bright spot was the announcement that pensions and student stipends would increase some 67 percent, although the average monthly wage continues to be only \$140 US. It is not certain how more vulnerable members of the population will fare even given the higher social welfare payments, as the coming shift to a single, market-based exchange rate for the US dollar could wipe out some savings.

The president continued his ruthless campaign to extract better performance out of government managers through the threat of public reprimand or firing; this week he appointed his eighth deputy prime minister to take charge of financial issues, sacking the head of the Central Bank, the deputy prime minister in charge of communications and construction, and the communications minister. Plans for a dazzling new \$137 million TV tower with a giant three-dimensional glowing star seemed to hark back to the era of the past dictator.

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1. INTERNATIONAL RELATIONS

a. Turkmenistan Makes 10 bcm Gas Offer to EU

Original title: Turkmenistan: Gas-Export Offer Seen As 'Breakthrough' By EU

Source: Radio Free Europe/Radio Liberty/04/15/08. Copyright (c) 2008. RFE/RL, Inc. Reprinted with the permission of Radio Free Europe/Radio Liberty, 1201 Connecticut Ave., N.W. Washington DC 20036. Excerpt prepared by OSI Turkmenistan Project.

Full version: <http://www.rferl.org/featuresarticle/2008/04/6672abf2-4717-4f2b-adff-6d598c4c1847.html>

Excerpt: The European Union says Turkmenistan has made its first-ever serious gas-export offer to Europe. "[The EU was told that] as of 2009, 10 billion cubic meters of gas will be available for transport towards Europe," European Commission spokeswoman Christiane Hohmann told RFE/RL in Brussels on April 15. Hohmann accompanied a high-level EU delegation to Ashgabat last week. Hohmann said the precise nature of the offer is seen as a "breakthrough" by Brussels. So far, she said, Ashgabat had only offered the EU vague assurances" of its export capacity, which, EU officials feared, were based on unrealistic estimates. Turkmenistan is already under contract to supply significant volumes of gas to Russia, China, and Iran.

To be sure, the "assurances" are still there, but as a prospective icing on the cake. Hohmann said Turkmen President Gurbanguly Berdimukhamedov promised to augment his exports to Europe further as currently undeveloped gas fields come on-stream. But perhaps more significantly, Berdimukhamedov stated in clear terms for the first time that he wants to supply gas to Europe directly without transiting it via Russia. Although Hohmann said alternative transit routes were not specifically raised at the talks in Ashgabat, she said the Turkmen side left no doubt it is looking to bypass Russia.

"There are three options on the table," she said, "which [are]: the trans-Caspian pipeline linking Turkmenistan with Azerbaijan; there is another option of going through Kazakhstan to Azerbaijan; or to transport it on ships [in the form of] liquefied gas." The Turkmen bid is a boost for EU-backed but currently stalled efforts to build the Nabucco gas pipeline, which would link the EU's main southern gas hub in Austria to Azerbaijan. Russia has been trying to undercut the economic viability of Nabucco by announcing separate plans to build a competing pipeline -- known as South Stream -- through the Black Sea to Bulgaria.

[Passage omitted: on Russian efforts to deny EU independent access to Central Asian gas and possible Russian export shortfalls due to expected rising domestic consumption and low levels of investment.]

[Passage omitted: on Russia's supplying more than one quarter of EU gas; on projection of Nabucco pipeline capacity of 30 billion cubic meters (bcm); on potential doubling of Azerbaijan's share to 18 bcm.]

This would still leave a shortfall of some 10 billion cubic meters, which is more or less exactly what Turkmenistan has now offered.

[Passage omitted: on difficulty finding investors for Nabucco and trans-Caspian pipelines and unwillingness of EU to underwrite their construction if not commercially viable.]

b. Questions Raised About Ashgabat's Commitment to Nabucco

Original title: *Turkmenistan: Confusion Reigns About Ashgabat's Commitment to Nabucco*

Source: *Radio Free Europe/Radio Liberty/04/15/08. Copyright (c) 2008. RFE/RL, Inc. Reprinted with the permission of Radio Free Europe/Radio Liberty, 1201 Connecticut Ave., N.W. Washington DC 20036. Synopsis prepared by OSI Turkmenistan Project.*

Full version: <http://www.rferl.org/featuresarticle/2008/04/b44961f4-9b6c-477b-9676-b9e0fc68e4e0.html>

Synopsis: [Passage omitted: on speculation in Russian press on whether Turkmenistan will agree to join the Nabucco pipeline.]

[Passage omitted: Nabucco project background.]

On April 10, the last day of the EU-Central Asian meeting, the Russian daily "Vremya novosti" reported the "sensational news about Turkmenistan supplying natural gas to Europe through the Nabucco pipeline." "Vedomosti" reported: "Turkmenistan will give gas for Nabucco," and on April 11 "Nezavisimaya gazeta" reported that the EU-Central Asian summit concluded with a Turkmen promise to supply the Nabucco pipeline with gas. All these reports based Turkmenistan's participation in Nabucco on comments made by Ferrero-Waldner. But in an interview with RFE/RL's Turkmen Service, Ferrero-Waldner was far less specific about Turkmenistan's commitment.

"I'm just coming back from a very interesting meeting with the president of Turkmenistan," she said, "and I must say, in principle, he is open to supply also to Europe. For instance, we talked particularly about gas. All depends then on the market prices, and it will certainly also help to develop their market. But on the other hand, it will give [Europe] another supply source."

The Turkmen government's website has not gone so far in its reporting of any deal. The website mentions that Turkmenistan and the EU signed a "memorandum on cooperation in the energy sphere" and quotes Berdymukhamedov as saying Turkmenistan is interested in "broadening [its] export routes" and that he "invited European partners to participate in large national projects."

Despite Ferrero-Waldner's comments, the "Forbes" website and turkishpress.com on April 11 quoted French Foreign Minister Bernard Kouchner, who was also at the meetings in Ashgabat, as saying, "The [Turkmen] president decided to furnish Europe, and also France, of course, in gas." In these reports, Kouchner does not mention Nabucco specifically, and Turkmenistan already supplies some gas to Russian pipelines leading to Europe. So it still is not entirely clear by what route Turkmen gas will arrive in Europe.

One last twist to the story comes from the Turkmen government's website and Turkmen media, which reported that Berdymukhamedov has accepted an invitation to visit France in the second half of this year when France takes over the EU Presidency.

[Passage omitted: background on the EU troika.]

c. Caspian Littoral States Meeting in Teheran

Source: press.tv.ir/04/15/08 . Synopsis prepared by OSI Turkmenistan Project.

Full version: <http://www.presstv.ir/detail.aspx?id=51675§ionid=351020101>

Synopsis: Deputy foreign ministers from five littoral states of the Caspian Sea travelled to Teheran for a two-day meeting to study a draft convention on the legal status of the Caspian Sea, press.tv.ir reported. They will also discuss issues relating to peace and security, a forthcoming Caspian Sea summit in Azerbaijan, and a joint economic conference of the Caspian states to be held in Moscow.

d. Turkmen Specialists To Travel to Pakistan for Energy Talks

Original title: *Turkmen Specialists Visit Pakistan*

Source: *Official government website/04/15/08. Excerpt prepared by OSI Turkmenistan Project.*

Electronic version: <http://www.turkmenistan.gov.tm/en/?idr=1&id=080416a>

Excerpt: On instructions from President Berdymukhamedov, a Turkmen delegation led by Baimurat Khojamukhammedov, Minister of Oil and Gas Industry and Mineral Resources, will participate in the 10th meeting of the TAP [Turkmenistan-Afghanistan-Pakistan – TP] Project Steering Committee, to be held in Islamabad on April 20-25. The Turkmen specialists will hold consultations with the experts of the project technical working group.

e. French Foreign Minister Meets with Turkmen President

Original title: *Turkmen President to Pay Official Visit to France*

Source: *turkmenistan.ru/04/11/08. Synopsis prepared by OSI Turkmenistan Project.*

Full version: http://www.turkmenistan.ru/?page_id=3&lang_id=en&elem_id=12556&type=event&sort=date_desc

Synopsis: French Foreign Minister Bernard Kouchner was received by President Berdymukhamedov on April 11 following talks by European foreign ministers and their Central Asian counterparts in Ashgabat, turkmenistan.ru reported, citing Turkmen State News Agency (TDH). Kouchner relayed an invitation from French President Nicholas Sarkozy to the Turkmen leader to make an official visit to France. President Berdymukhamedov accepted the invitation to travel to Paris in the latter half of 2008 when France is president of the EU.

During the meeting with the French foreign minister, the Turkmen president invited French companies to participate in Turkmenistan's large-scale projects in the fuel and energy sector and established a bilateral working group.

Interviewed by the Turkmen press following his meetings, Foreign Minister Kouchner said he was impressed with President Berdymukhamedov as a politician and as "a man with great charm," TDH commented. "Mr. President leads a country that is undergoing significant evolution. Energy and evolution are the symbols of the new Turkmenistan. I am happy that I have had the opportunity to meet Mr. President. His is a very enterprising, straightforward and open man. I think this can be explained by the fact that we are both doctors by profession," Kouchner was quoted as saying by TDH.

2. DOMESTIC DEVELOPMENTS

a. President Appoints New Deputy Premier for Finance; Replaces Central Bank Head

Original title: *Turkmen Leader Sacks Deputy Premier, Central Bank Chief*

Source: *turkmenistan.ru/04/15/08. Synopsis prepared by OSI Turkmenistan Project*

Full version: http://www.turkmenistan.ru/?page_id=3&lang_id=en&elem_id=12567&type=event&sort=date_desc

Synopsis: Turkmen President Berdymukhamedov has appointed his eighth deputy prime minister, promoting Hojamyrat Geldimyradov from the post of finance minister, turkmenistan.ru reported. He also dismissed Geldimyrat Abilov, chairman of the Central Bank, for "serious shortcomings in his work," replacing him with Guvanchmyrat Geklenov, former chairman of the board of the State Bank for Foreign Economic Activity of Turkmenistan.

Deputy Prime Minister Geldimyradov is to oversee financial recovery, development of the banking system, and the bolstering of the national currency. The decision was announced at a government meeting about the 2009 monetary reform.

b. President Dismisses Deputy Minister for Construction, Slams TV, Foreign Builders

Original title: *Turkmen Leader Replaces Deputy PM, Slams TV, Foreign Construction Firms; Shamukhammet Durdiyev Appointed Minister of Construction of Turkmenistan*

Source: *turkmenistan.ru/04/15/08*

Full version: http://www.turkmenistan.ru/?page_id=3&lang_id=en&elem_id=12567&type=event&sort=date_desc
http://www.turkmenistan.ru/?page_id=3&lang_id=en&elem_id=12578&type=event&sort=date_desc

Synopsis: At an expanded session of the Cabinet of Ministers of Turkmenistan April 14, President Berdymukhamedov reported on the progress of economic reforms. The president dismissed Deputy Prime Minister Gurbannazar Asyrov, formerly in charge of transportation and communications, replacing him temporarily with Deputy Prime Minister Nazarguly Sagulyyev. He also appointed Shamukhammet Durdiyev as minister of construction.

Akylbek Japarov, Head of the Supreme Audit Chamber, reported on the low quality of cellular communications and Internet service provided by state companies, attributing the problems to Communications Minister Resulberdi Hojagurbanov. The president reprimanded Hojagurbanov and gave him two months to address his failures.

Berdymukhamedov also gave the broadcast media until May to improve its performance. "Despite my criticism of TV, radio as well as newspapers and magazines, the work at these sectors of the media is very poor. I even had to dismiss the head of one of the TV channels quite recently and reprimanded others for their grave shortcomings," the Turkmen leader said in a televised statement. He appointed Maksat Altayev as the new director of the Altyn Asyr TV channel.

The president slammed foreign construction firms for shoddy work in Turkmenistan. "[T]here are numerous companies, which commit wrongdoings and carry out their work with low quality," said the president. "We are not completely satisfied with their work and it is not easy for us to work with these firms based on cooperation and understanding," he said, vowing to take unspecified measures to address the problem.

Deputy Prime Minister Sagulyyev cited several Turkish construction companies which had failed to fulfil their contracts, urging the president to take legal action. The president said he had brought up the sub-standard work of some Turkish construction companies during his visit to Turkey, indicating that some firms were cutting corners on quality and not meeting deadlines. He said Turkmenistan would work with Turkey to ensure companies were paid on time and adequately overseen.

c. Civic Activist Jailed in Turkmenistan, Lacks Medical Treatment

Original title: *Amnesty International/UA 99/08 Health Concern/Possible Prisoner of Conscience/04/16/08*

Source: *Amnesty International/ 04/16/08. Synopsis prepared by OSI Turkmenistan Project.*

Synopsis: Amnesty International (AI) recently expressed concern via e-mail regarding Valery Pal, a detained and reportedly ailing civic activist from Turkmenistan who is being denied urgently needed medical care. Police detained the 59-year-old Pal in the port city of Turkmenbashi on February 21, apparently on suspicion of theft related to a 2004 incident at the oil refinery where he worked. According to Vyacheslav Mamedov, director in exile of the emigre group Democratic Civil Union of Turkmenistan, no charges have yet been brought against Pal. His relatives were reportedly informed that they could obtain his release if they paid a bribe to the case investigator of several thousand dollars.

Mamedov says Pal's peaceful activities as an activist may be a motive for his detention. Pal has protested the renaming of his town, helped fellow citizens with various social problems, and used his knowledge of information technology to support other activists and human rights defenders, reports AI.

"Valery Pal is a courageous man and became uncomfortable for the city authorities and the management of the oil refinery. He was aware of the corruption that took place in the company and knew who was involved. They were afraid he knew too much. I believe that certain people in the authorities and the management of the company colluded in fabricating the case against Valery Pal to get him out of the way," says Mamedov. Pal suffered a stroke in 2004 and was left with partial paralysis. After visiting him in prison, his family reported

that he is suffering from various chronic conditions that have been left untreated because personnel demanded bribes for care.

3. ECONOMIC NEWS

a. Student Stipends, Pensions Increase in Turkmenistan

Original title: Average Monthly Salary in Turkmenistan Totals US \$140

Source: [turkmenistan.ru/Turkmen State News Agency/04/15/08](http://turkmenistan.ru/Turkmen%20State%20News%20Agency/04/15/08). Synopsis prepared by OSI Turkmenistan Project.

Full version: http://www.turkmenistan.ru/?page_id=3&lang_id=en&elem_id=12577&type=event&sort=date_desc

Synopsis: The average monthly wage in Turkmenistan is about US \$140 (2.8 million manat), Kakamurat Mommadov, chairman of the State Statistics Committee of Turkmenistan, reported at an April 14 government meeting. Turkmen Minister of Finance Hojamyrat Geldimyradov – who was the same day promoted to deputy prime minister – reported that the population's purchasing power has increased, with retail turnover increasing 23.7 percent compared to last year. Meanwhile, expenses for social services increased 17 percent compared to last year, and payments of pensions and student stipends increased 67.3 percent.

b. President Announces Single Dollar Exchange Rate to Start in 2009

Original title: Denomination of Turkmen National Currency to Last Through 2009

Source: Organization of Asia-Pacific News Agencies/ITAR-TASS/04/15/08. Synopsis prepared by OSI Turkmenistan Project.

Full version: <http://www.oannews.org/news.open.php?open=1&nid=410031>

Synopsis: At a government meeting on April 15, President Berdymukhamedov called for the dollar-to-manat exchange rate to float by May 1 in preparation for the introduction of a revalued currency in early 2009, ITAR-TASS reported. Old banknotes will remain legal tender through December 31, 2009.

Turkmenistan has two exchange rates: the official rate is 6,250 manats to the US dollar and the commercial rate is 20,000 manats to the dollar. The British firm De La Rue International, Ltd. will be printing new banknotes that in some cases will replace the current notes' image of Saparmurat Niyazov with other prominent Turkmen figures.

c. Turkmenistan to Build 137-Million Euro TV Tower

Original title: Stella Octangula to Embellish Turkmenistan's New TV Tower

Source: turkmenistan.ru/04/15/08. Synopsis prepared by OSI Turkmenistan Project

Full version: http://www.turkmenistan.ru/?page_id=3&lang_id=en&elem_id=12565&type=event&sort=date_desc

Synopsis: The Turkmen Ministry of Communications signed a contract with Polimeks of Turkey to construct a 211-meter high television tower for 136.9 million euro by October 2011.

A large stained-glass *stella octangula* (eight-pointed star) associated with Oguz Khan, founder of what is considered the first Turkic political entity in Central Asia, will embellish the top of the tower. The windows are to change colors according to the time of day, and the light is to be visible from any place in Ashgabat. The tower is to be powered by solar energy and will have viewing areas as well as revolving restaurants.

d. No Boost in Gas Production in Turkmenistan

Original title: Turkmen's First Quarter Gas Output Down

Source: Reuters/04/15/08/Neitral'niy Turkmenistan/04/14/08

Full version: <http://www.reuters.com/article/rbssEnergyNews/idUSL1540192320080415>

Synopsis: Turkmenistan did not meet its target for gas production in the first quarter, Reuters reported, citing the state newspaper *Neitral'niy Turkmenistan*. Although earlier Turkmenistan had said it would increase annual production to 81.5 billion cubic meters (bcm) from the 72.3 bcm extracted in 2007, the first quarter brought no increase. A report from the Finance Ministry said the decrease was due to seasonal factors and

overall output would not be affected. An increase in prices paid by Russia last year made up for the decrease, the ministry said.

Turkmenistan exports about 50 bcm annually, and plans to increase its prices in 2009. Last year Ashgabat agreed with Russia's Gazprom to pay \$130 per thousand cubic meters (tcm) for the first half of 2008 and \$160 per tcm for the latter half.

"Global commodity and fuel prices remain high and the demand for Turkmen energy is constantly growing," the Turkmen State News Agency quoted the president as saying at a government meeting April 14. "Turkmenistan will base its pricing policy on these benign market conditions," he added.

Unless otherwise indicated, all translations have been prepared by OSI's Turkmenistan Project.

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